

**HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN
HOWARD COUNTY RETIREMENT PLAN**

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

May 31, 2018

A joint meeting of the Retirement Plan Committees for the Howard County Police and Fire Employees' Retirement Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan") (jointly, the "Plans") was held on Thursday, May 31, 2018 at 9:00 a.m. in the Columbia/Ellicott City Room at the George Howard Building, 3430 Court House Drive, Ellicott City, Maryland 21043.

Police and Fire Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Director of Finance: Janet Irvin (arrived 9:23 a.m.)
Representative, Howard County Police Officers' Association, Lodge 21:
Mark Thomey
Representative, International Association of Firefighters, Local 2000:
Richard Ruehl

Members Absent

Chief Administrative Officer: Lonnie Robbins
Budget Administrator: Holly Sun
Representative, Police Department Supervisory Employees:
Jason Luckenbaugh (Voting Member in Fiscal Year 2018)
Representative, Fire and Rescue Supervisory Employees:
Vincent Baker (Non-Voting Member in Fiscal Year 2018)

Employees Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer's Designee: John Peterson
Acting Deputy Director of Finance: Angie Price
Budget Administrator Designee: Janssen Evelyn (arrived 9:32 a.m.)
Employee Representative: Jeff Bronow
Representative, American Federation of State, County and Municipal
Employees Local 3085: Dale R. Chase (attended via telephone)

Members Absent

Representative, American Federation of State, County and
Municipal Employees Local 3080: Kim Drennon

Also present for all or a portion of the meeting were:

Sima Taghavi, Department of Finance
Lori Buchman, Department of Finance
Trevor Jackson, Summit Strategies Group
Paul W. Madden, Whiteford, Taylor & Preston L.L.P.
Teresa M. Reider, Retirement Coordinator
Scott Southern, Retirement Assistant, Office of Human Resources
Nike Yahaya, Retirement Aide
Jamar Herry, Office of Law

Wanda Hutchinson acted as Chair of the Meeting and Paul Madden acted as Secretary. Sima Taghavi reviewed the following documents for the Employees Plan:

1. Statement of Revenues and Expenses Budget vs. Actual as of March 31, 2018;
2. Statements of Fiduciary Net Position, March 31, 2018 and June 30, 2017 (unaudited); and
3. Statements of Changes in Fiduciary Net Position for periods ended March 31, 2018 and June 30, 2017.

In reviewing the Statement of Revenues and Expenses, Sima noted that investment income exceeded the estimated investment income the first three quarters of the year. Sima also noted that the expenses for actuarial services while currently ahead of budget are expected to end one fiscal year on track. As of March 31, 2018, the fiduciary net position pension benefits is \$441,814,732.

Next, Sima reviewed the following documents for the Police and Fire Plan:

1. Statement of Revenues and Expenses Budget vs. Actual as of March 31, 2018 (unaudited);
2. Statements of Fiduciary Net Position, March 31, 2018 and June 30, 2017 (unaudited); and
3. Statements of Changes in Fiduciary Net Position for periods ended March 31, 2018 and June 30, 2017 (unaudited).

As with the Employees Plan, Sima noted that the actual investment income on a year-to-date basis has exceeded the estimated investment income with one quarter to

go. Actuarial services are ahead of budget and are expected to be on budget for the year. The fiduciary net position for pension benefits as of March 31, 2018 is \$561,196,268.

Next, Trevor Jackson reviewed the performance of the Master Trust for periods ending March 31, 2018.

The market value of the fund as of March 31, 2018 is \$1,001,717,860. The total fund composite return for the quarter ending on March 31, 2018 was 0.75% which placed the fund in 5th percentile as against public plan peers. The one-year return is 12.07% which ranks in the 12th percentile. The three-year performance of 7.57% is in the 11th percentile. Manager value added 100 basis points to the return.

In addition, higher than median returns have been achieved at lower than median risk over the rolling three and five year periods. Excellent performers for the quarter include Brown Capital Management (+7.11%) which ranks in the 12th percentile as against peers, and William Blair (+5.63%) which ranks in the 17th percentile. Trevor noted that real assets achieved an internal rate of return 6.38% of the TVPI multiple of 1.30. Private equity achieved an internal rate of return of 14.43% of the TVPI multiple of 1.43%.

After responding to questions, Trevor reported on Summit Strategies' emerging market search. Currently, the Master Trust's only emerging markets manager is DFA which has a value style. Historically, value stocks have outperformed growth stocks since the index's inception in January of 2000. More recently however, growth has outperformed value. In addition, active management has consistently outperformed the index over all rolling five-year periods. Accordingly, Summit recommends that the Master Trust supplement DFAs emerging markets portfolio with an active manager with a growth focused stock selection. This complementary manager would have 30% to 50% of the total emerging markets allocation. Trevor reviewed the screening process used by Summit Strategies to its current top tier list. Four managers, Baillie Gifford, GQG, RWC and William Blair satisfied all criteria. Trevor reviewed the characteristics of these four managers, their investment theses and risks and concerns. Included in the review was an analysis of up and down market capture. Trevor recommended interviewing three of the four managers. A motion was made and seconded to interview Baillie Gifford, GQG and RWC. William Blair was eliminated because of its relatively higher fees.

After discussion and upon motion duly made, seconded and unanimously approved, the Committee agreed to refer the emerging markets manager search to a Subcommittee consisting of Richard Ruehl, Janssen Evelyn, John Peterson, Wanda Hutchinson and Angie Price.

At 11:00 a.m., the minutes of the April 26, 2018 meeting were unanimously approved.

Next, Trevor Jackson addresses the real assets fund of funds search. Real assets consist of real estate and natural resources. The natural resources investments include Commonfund Natural Resources X and Aether Real Assets IV. Both have a 2015 vintage year. Trevor noted that the allocations to real estate and other real assets are below target. Real assets represent 0.6% of the portfolio versus the target of 2.5%. Real estate represents 2.8% of the fund versus the target of 5%. To bring the allocations closer to their targeted ranges, Summit recommends making a \$10 million commitment to real estate and a \$15 million commitment in other real assets in 2018.

Trevor recommended Aether Fund V and Commonfund XI for the other real assets commitment and Partners Group Real Estate Secondary 2017 for the real estate commitment. Aether and Commonfund are existing manager relationships. The returns of prior commitments to these managers are at or above expectations.

After discussion, and upon motion duly made, seconded and unanimously approved, the Committee adopted Summit Strategies' recommendation to commit \$10 million to the Partners Group Real Estate Secondary 2017 and to commit \$7.5 million each to Aether Real Assets Fund V and Commonfund Natural Resources XI.

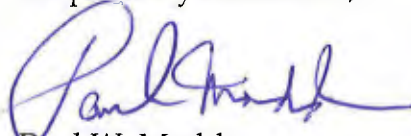
There being no further business for the Police and Fire Plan, the meeting of the Police and Fire Plan Committee adjourned.

At 11:40 a.m., a motion was made by Angela Price and seconded by John Peterson to close the meeting pursuant to General Provisions Article 3-305(b) to discuss a personnel matter that affects one or more specific individuals and to consult with legal counsel to obtain advice on a legal matter. Wanda Hutchinson, John Peterson, Angela Price, Janssen Evelyn and Jeff Bronow all voted in favor of the motion to close the meeting. Dale Chase and Kim Drennon were absent. There were no abstentions or negative votes. Nike Yahaya, Scott Southern and Terry Reider were present at the request of the Committee for the closed session.

In the closed session, Scott Southern conducted the disability certification review for the Employees Plan. In the closed session, the Committee approved an offset for Kevin Rich's disability benefit.

There being no further business, the meeting adjourned at 12:00 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Paul W. Madden", is written over the printed name.

Paul W. Madden
Secretary of the Meeting

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